

PRESTON DuFAUCHARD  
California Corporations Commissioner  
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Acting Deputy Commissioner  
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Corporations Counsel  
CALIFORNIA DEPARTMENT OF CORPORATIONS  
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SUPERIOR COURT OF THE STATE OF CALIFORNIA  
FOR THE COUNTY OF SAN DIEGO

THE PEOPLE OF THE STATE OF  
CALIFORNIA, by and through the  
CALIFORNIA CORPORATIONS  
COMMISSIONER,

Plaintiff,

vs.

SMARTWEAR TECHNOLOGIES, a San  
Diego County fictitious business name;  
SMARTWEAR TECHNOLOGIES, INC., a  
Delaware corporation;  
NORMAN FRANK REED, an individual;  
ROBERT REED, an individual;  
SEAN BORZAGE BOYD, an individual; and  
DOES 1 through 10, inclusive,

Defendants,

And

GLOBAL GENERAL TECHNOLOGIES,  
INC., a Nevada corporation; and  
LEXIT TECHNOLOGY, INC., a Colorado  
corporation,

Relief Defendants.

Case No.: 37-2008-00091291-CU-MC-CTL

FIRST AMENDED COMPLAINT FOR  
PRELIMINARY AND PERMANENT  
INJUNCTION, ANCILLARY RELIEF AND  
CIVIL PENALTIES

VIOLATIONS OF CORPORATIONS CODE  
SECTION 25110 (UNQUALIFIED, NON-  
EXEMPT OFFER AND SALE OF  
SECURITIES)

VIOLATIONS OF CORPORATIONS CODE  
SECTION 25401 (MISREPRESENTATIONS  
AND OMISSIONS IN THE OFFER AND  
SALE OF SECURITIES)

Judge: Hon. Judith F. Hayes  
Dept: 68

Date Action Filed: September 9, 2008

Preston DuFauchard, California Corporations Commissioner, acting to protect the public  
from the unlawful and fraudulent offer or sale of securities, brings this action in the public interest,  
in the name of the People of the State of California. The People of the State of California allege:

3. The defendants and relief defendants have transacted and continue to transact business within San Diego County and other counties in the State of California. The violations of law described herein have occurred and will continue to occur within San Diego County and throughout the State of California unless enjoined.

## DEFENDANTS

6. Defendant Norman Frank Reed (“NORMAN REED”), a.k.a. Norman Anthony Reed and N.A. Reed, is an individual whose last known residence is 2650 Jamacha Road, El Cajon, CA 92019 and whose last known business address is 15934 Wood Valley Trail, Units B and C, Jamul, CA 91935. At all relevant times, NORMAN REED is and was President, a control person and a consultant for SMARTWEAR TECHNOLOGIES and SMARTWEAR TECHNOLOGIES, INC.

9. Defendant Sean Borzage Boyd (“SEAN BORZAGE”), a.k.a. Sean Boyd, is an individual whose last known residence is 1270 Gulf Boulevard, Suite 2007, Clearwater, FL 33767 and whose last known business address is 15934 Wood Valley Trail, Units B and C, Jamul, CA 91935. At all relevant times, SEAN BORZAGE is and was Vice President of Sales and Marketing and a consultant for SMARTWEAR TECHNOLOGIES and SMARTWEAR TECHNOLOGIES, INC.

10. Defendants sued herein under the fictitious names Does 1 through 10, inclusive, are unknown to Plaintiff who therefore sues such defendants by such fictitious names, pursuant to Code of Civil Procedure section 474. The Commissioner is informed and believes, and on such information and belief alleges, that at all times mentioned herein Does 1 through 10, inclusive, have acted and continue to act in concert with the Defendants named herein, and each of them has participated in the acts and transactions that are the subject of this complaint. The Commissioner asks leave of the court to amend the Complaint and allege the true names and capacities of such defendants at such time as the same have been ascertained.

11. The Commissioner is informed and believes and based thereon alleges that at all relevant times, the Defendants named as officers, directors, agents or employees acted in such capacities in connection with the acts, practices and schemes of business set forth below.

12. Relief Defendant GLOBAL GENERAL TECHNOLOGIES, INC., is a Nevada corporation, incorporated on April 26, 1993, maintaining a last known business address at 10120 S. Eastern Ave., Suite 200, Henderson, NV 89052. ROBERT REED is the Chief Executive

Officer of GLOBAL GENERAL TECHNOLOGIES, INC.

13. Relief Defendant LEXIT TECHNOLOGY, INC., is a Colorado corporation, incorporated on February 16, 2007, maintaining a last known business address at 7486 La Jolla Blvd., Suite 479, La Jolla, CA 92037.

**STATEMENT OF FACTS**

14. Beginning in or about August 2005, SMARTWEAR TECHNOLOGIES, SMARTWEAR TECHNOLOGIES, INC. (collectively "SMARTWEAR"), NORMAN REED, ROBERT REED, and SEAN BORZAGE, their agents, employees, representatives and Does 1 through 10, (collectively "DEFENDANTS") offered or sold securities in the form of debentures, warrants, stock, limited liability interests, and/or investment contracts to residents of California and elsewhere.

15. DEFENDANTS offered and sold securities to at least one hundred and thirty (130) investors, raising a total of \$5,045,639.73. Of those investors, twenty-five (25) are California residents. From the offer and sale of securities to California residents, DEFENDANTS raised a total of \$432,000.00.

16. The DEFENDANTS offered or sold securities for the purported purpose of operating and expanding SMARTWEAR, a protection and information system which employs radio frequency identification ("RFID") technology in the form of tags, integrated within clothing and other products.

17. On or about August 28, 2007, the Department issued a Subpoena Duces Tecum on SMARTWEAR TECHNOLOGIES. The subpoena was served on September 21, 2007.

18. The following people are affiliated with SMARTWEAR: NORMAN REED, ROBERT REED, SEAN BORZAGE, Lauren Scott, Jordan Spencer Scott, Walter Reed, a.k.a. Walt Reed and W.R. Reed, and Gene Spatocco.

19. As a result of its investigation, the Department has learned that Walter Reed is the father of both NORMAN REED and ROBERT REED.

20. On or about July 11, 2005, US Market Development Corp. ("US Market Development") entered into a contract with SMARTWEAR, whereby US Market Development

1 agreed to assist in the development, structure and maintenance of the marketing strategy to raise  
2 funds for SMARTWEAR.

3 21. The securities offered or sold by DEFENDANTS were not qualified pursuant to the  
4 Corporations Code.

5 22. The securities offered or sold by DEFENDANTS were not exempt from the  
6 qualification requirements of the Corporations Code.

7 23. DEFENDANTS offered or sold securities to residents of California and other states  
8 by means of general solicitation in the form of telephone cold-calls and an investor recruitment  
9 network.

10 24. On November 13, 2007, after the Department had begun its investigation of  
11 DEFENDANTS, the Department received a Form D, Rule 506, private placement exemption  
12 notice filing, submitted under a cover letter signed by ROBERT REED as President of  
13 SMARTWEAR TECHNOLOGIES, INC. However, the Form D, Rule 506, private placement  
14 exemption notice filing is signed by NORMAN REED as President of SMARTWEAR  
15 TECHNOLOGIES, INC. Pursuant to the Form D, Rule 506, private placement exemption notice  
16 filing, SMARTWEAR TECHNOLOGIES, INC. claims an exemption from qualification for the  
17 sale of \$5,000,000.00 worth of securities in the form of "limited liability interests." This  
18 exemption is not available to DEFENDANTS as a result of DEFENDANTS' use of general  
19 solicitation, in the form of telephone cold-calls and an investor recruitment network, to offer or  
20 sell securities to residents of California and other states.

21 25. On or about July 27, 1999, the Pennsylvania Securities Commission issued a  
22 Summary Desist and Refrain Order against N.A. Reed, Walter Reed, Lauren Scott, Toyopia.com,  
23 L.L.C., Toyopia.com and US Market Development for offering to sell unregistered, non-exempt  
24 securities of Toyopia.com, L.L.C. to Pennsylvania residents. DEFENDANTS failed to disclose  
25 this order to investors and potential investors.

26 26. On or about March 17, 2003, the Texas State Securities Board issued a Cease and  
27 Desist Order against Sean Boyd and ESS Environmental, Inc. for offering to sell unregistered  
28 securities of ESS Environmental, Inc., to Texas residents, by means of telephone solicitations.

DEFENDANTS failed to disclose this order to investors and potential investors.

27. In relation to the offer or sale of securities, DEFENDANTS represented that the SMARTWEAR TECHNOLOGIES, INC. debentures had a 15% annual interest rate and could be converted to SMARTWEAR TECHNOLOGIES, INC. stock, entitling investors to a “guaranteed” dividend of 30%. In fact, investors have not received profits or dividends as a result of their investments.

28. DEFENDANTS also represented to investors and potential investors that SMARTWEAR was endorsed by the U.S. Department of Homeland Security. In fact, SMARTWEAR holds no such endorsement.

29. Further, DEFENDANTS represented to investors and potential investors that SMARTWEAR obtained revenue from manufacturing RFID tags and distributing said tags to businesses with whom SMARTWEAR contracted, such as the Port of Los Angeles and Disney. In fact, SMARTWEAR has never had a contract for distribution with such businesses as the Port of Los Angeles or Disney.

30. In or about November 2007, Relief Defendant LEXIT TECHNOLOGY, INC. purchased substantially all of the assets of SMARTWEAR TECHNOLOGIES, INC.

31. In or about April 2008, Relief Defendant GLOBAL GENERAL TECHNOLOGIES, INC. purchased substantially all of the assets of SMARTWEAR TECHNOLOGIES, INC.

**FIRST CAUSE OF ACTION**

**OFFER AND SALE OF UNQUALIFIED, NON-EXEMPT SECURITIES**

**IN VIOLATION OF CORPORATIONS CODE SECTION 25110**

**(AGAINST DEFENDANTS SMARTWEAR TECHNOLOGIES,**

**SMARTWEAR TECHNOLOGIES, INC.,**

**NORMAN FRANK REED, ROBERT REED**

**AND SEAN BORZAGE BOYD)**

32. Plaintiff incorporates by reference paragraphs 1 through 31 of this Complaint as though fully set forth herein.

1 33. Corporations Code section 25110, in pertinent part, provides:

2 It is unlawful for any person to offer or sell in this state any security in an issuer  
3 transaction...unless such sale has been qualified...or unless such security or  
4 transaction is exempted or not subject to qualification under Chapter 1  
[commencing with CSL section 25100] of this part.

5 34. Beginning in August 2005 and continuing thereafter, DEFENDANTS, and  
6 each of them, offered and sold securities to at least one hundred and thirty (130) investors,  
7 raising a total of \$5,045,639.73. Of those investors, twenty-five (25) were California  
8 residents. From the offer and sale of securities to California residents DEFENDANTS raised  
9 a total of \$432,000.00.

10 35. The investments offered or sold by DEFENDANTS are “securities” within the  
11 meaning of Corporations Code section 25019. The securities include, but are not necessarily  
12 limited to, debentures, warrants, stock, limited liability interests, and/or investment contracts.

13 36. DEFENDANTS “offered and sold” the securities “within the state” of  
14 California within the meaning of Corporations Code sections 25008 and 25017.

15 37. The offer or sales of these securities were “issuer transactions” within the  
16 meaning of Corporations Code sections 25010 and 25011.

17 38. The Commissioner has not issued a permit or other form of qualification  
18 authorizing the DEFENDANTS to offer or sale the securities referred to herein.

19 39. The offer or sale of the securities referred to herein were not exempt from the  
20 qualification requirements of Corporations Code section 25110.

21 40. On November 13, 2007, DEFENDANTS submitted a Form D, Rule 506,  
22 private placement exemption notice filing to the Department. DEFENDANTS have used  
23 general solicitation to offer or sell securities and have therefore violated the requirements of  
24 the Regulations D, Rule 506, private placement exemption.

25 41. Unless enjoined by this Court, DEFENDANTS will continue to violate  
26 Corporations Code section 25110.

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**SECOND CAUSE OF ACTION**

**MISREPRESENTATION OR OMISSION OF MATERIAL FACTS  
IN VIOLATION OF CORPORATIONS CODE SECTION 25401  
(AGAINST DEFENDANTS SMARTWEAR TECHNOLOGIES,  
SMARTWEAR TECHNOLOGIES, INC.,  
NORMAN FRANK REED, ROBERT REED  
AND SEAN BORZAGE BOYD)**

42. Plaintiff incorporates by reference paragraphs 1 through 41 of this Complaint as though fully set forth herein.

43. Corporations Code section 25401 states:

It is unlawful for any person to offer or sell a security in this state or buy or offer to buy a security in this state by means of any written or oral communication which includes an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made, in the light of the circumstances under which they were made, not misleading.

44. In connection with the offer or sale of the securities referred to herein, DEFENDANTS made misrepresentations of material facts and/or omitted to state material facts to some or all of the investors. The misrepresentations and/or omissions include, but are not necessarily limited to, the following:

A. DEFENDANTS omitted to disclose that on July 27, 1999, the Pennsylvania Securities Commission issued a Summary Desist and Refrain Order against N.A. Reed, Walter Reed, Lauren Scott, Toyopia.com, L.L.C., Toyopia.com and US Market Development for offering to sell unregistered, non-exempt securities of Toyopia.com, L.L.C. to Pennsylvania residents;

B. DEFENDANTS omitted to disclose that on March 17, 2003, the Texas State Securities Board issued a Cease and Desist Order against Sean Boyd and ESS Environmental, Inc. for offering to sell unregistered securities of ESS Environmental, Inc., to Texas residents, by means of telephone solicitations;

C. DEFENDANTS misrepresented that the SMARTWEAR TECHNOLOGIES, INC. debentures had a 15% annual interest rate and could be converted to SMARTWEAR



1 TECHNOLOGIES, INC. stock, entitling investors to a “guaranteed” dividend of 30%. In fact,  
2 investors have not received profits or dividends as a result of their investments;

3 D. DEFENDANTS misrepresented that SMARTWEAR was endorsed by the U.S.  
4 Department of Homeland Security. In fact, SMARTWEAR holds no such endorsement; and

5 E. DEFENDANTS misrepresented that SMARTWEAR obtained revenue from  
6 manufacturing RFID tags and distributing said tags to businesses with whom SMARTWEAR  
7 contracted, such as the Port of Los Angeles and Disney. In fact, SMARTWEAR has never had a  
8 contract for distribution with such businesses as the Port of Los Angeles or Disney.

9 45. The misrepresentations and/or omissions referred to herein were “material facts”  
10 within the meaning of Corporations Code section 25401, because they concerned matters that a  
11 “reasonable investor” would consider important in deciding whether to invest.

12 46. DEFENDANTS’ misrepresentations and omissions of material facts took place  
13 “within the state” of California within the meaning of Corporations Code section 25008.

14 47. Unless enjoined by this Court, DEFENDANTS will continue to violate  
15 Corporations Code section 25401.

16 **THIRD CAUSE OF ACTION**

17 **(AGAINST RELIEF DEFENDANTS**

18 **GLOBAL GENERAL TECHNOLOGIES, INC.**

19 **AND LEXIT TECHNOLOGY, INC.**

20 **AS CUSTODIANS OF INVESTOR FUNDS)**

21 48. Plaintiff incorporates by reference paragraphs 1 through 47 of this Complaint as  
22 though fully set forth herein.

23 49. Relief Defendants GLOBAL GENERAL TECHNOLOGIES, INC. and LEXIT  
24 TECHNOLOGY, INC. (collectively, “Relief Defendants”) have received from one or more  
25 DEFENDANTS specific funds and property, which are the proceeds, or traceable to the proceeds,  
26 of the unlawful activities of DEFENDANTS as set forth herein. Relief Defendants knew or  
27 should have known the funds were obtained from such unlawful activities. These specific funds  
28 consist of at least \$5,045,639.73, or an amount according to proof, received from investors in

1 violation of the Corporations Code. Relief Defendants are therefore trustees of the funds gained  
2 through such illegal acts for the benefit of the defrauded investors.

3 50. Relief Defendants have obtained the funds and property alleged above under  
4 circumstances in which it is not just, equitable or conscionable for them to retain the funds and  
5 property. As a consequence, Relief Defendants have been unjustly enriched.

6 **PRAYER FOR RELIEF**

7 WHEREFORE, Plaintiff prays for judgment against defendants SmartWear Technologies,  
8 SmartWear Technologies, Inc., Norman Frank Reed, a.k.a. Norman Anthony Reed and N.A. Reed,  
9 Robert Reed, Sean Borzage Boyd, a.k.a. Sean Boyd and Does 1 through 10, inclusive, and relief  
10 defendants Global General Technologies, Inc. and Lexit Technology, Inc., as follows:

11 **I. INJUNCTIVE RELIEF FOR THE VIOLATIONS**

12 For an Order of Preliminary Injunction and a Permanent Injunction, pursuant to California  
13 Corporations Code section 25530, subdivision (a), restraining and enjoining SmartWear  
14 Technologies, SmartWear Technologies, Inc., Norman Frank Reed, a.k.a. Norman Anthony Reed  
15 and N.A. Reed, Robert Reed, Sean Borzage Boyd, a.k.a. Sean Boyd and Does 1 through 10,  
16 inclusive, from, directly or indirectly:

17 1. Violating California Corporations Code section 25110 by offering to sell, selling,  
18 arranging for the sale of, issuing, engaging in the business of selling, or negotiating for the sale of  
19 any security of any kind unless such security or transaction is qualified; and

20 2. Violating California Corporations Code section 25401 by offering to sell or selling  
21 any security of any kind by means of any written or oral communication which includes any  
22 untrue statement of material fact or omits to state any material fact necessary in order to make the  
23 statements made, in the light of the circumstances under which they are made, not misleading.

24 For an Order of Preliminary Injunction and a Permanent Injunction, pursuant to California  
25 Corporations Code section 25530, subdivision (a), restraining and enjoining SmartWear  
26 Technologies, SmartWear Technologies, Inc., Norman Frank Reed, a.k.a. Norman Anthony Reed  
27 and N.A. Reed, Robert Reed, Sean Borzage Boyd, a.k.a. Sean Boyd, Global General  
28 Technologies, Inc., Lexit Technology, Inc. and Does 1 through 10, inclusive, from, directly or

indirectly:

1. Removing, destroying, mutilating, concealing, altering, transferring, or otherwise disposing of, in any manner, any books, records, computer programs, computer files, computer printouts, correspondence, brochures, manuals, or any other “writing” or “document” of any kind as defined under California Evidence Code section 250, relating to the transactions and course of conduct as alleged in this Complaint, unless authorized by this Court; and

2. Withdrawing from any bank account or disposing of any real or personal property, derived or purchased from investor funds, in their possession, custody, or control, without leave of the Court.

## **II. CONSTRUCTIVE TRUST**

For a Final Judgment imposing a constructive trust on all funds and property of Global General Technologies, Inc. and Lexit Technology, Inc. which are the proceeds, or traceable to the proceeds, of the unlawful activities of Defendants as set forth herein, for the benefit of the defrauded investors.

## **III. RESCISSION AND RESTITUTION**

For a Final Judgment requiring SmartWear Technologies, SmartWear Technologies, Inc., Norman Frank Reed, a.k.a. Norman Anthony Reed and N.A. Reed, Robert Reed and Sean Borzage Boyd, a.k.a. Sean Boyd to rescind each and all of the unlawful transactions alleged in this Complaint, pursuant to California Corporations Code section 25530, subdivision (b), as shall be determined by this Court to have occurred, and further requiring SmartWear Technologies, SmartWear Technologies, Inc., Norman Frank Reed, a.k.a. Norman Anthony Reed and N.A. Reed, Robert Reed, Sean Borzage Boyd, a.k.a. Sean Boyd, Global General Technologies, Inc. and Lexit Technology, Inc. to pay full restitution to each person determined to have been subject to acts, practices, or transactions which constitute violations of the Corporate Securities Law of 1968, in an amount of at least \$5,045,639.73, or according to proof, to the at least one hundred and thirty (130) investors. In addition, that SmartWear Technologies, SmartWear Technologies, Inc., Norman Frank Reed, a.k.a. Norman Anthony Reed and N.A. Reed, Robert Reed, Sean Borzage Boyd, a.k.a. Sean Boyd, Global General Technologies, Inc. and Lexit Technology, Inc. pay the

1 legal rate of interest on the principal amount invested by each and every investor from the date of  
2 his or her investment to the date of judgment herein.

3 **IV. CIVIL PENALTIES**

4 For a Final Judgment requiring SmartWear Technologies, SmartWear Technologies, Inc.,  
5 Norman Frank Reed, a.k.a. Norman Anthony Reed and N.A. Reed, Robert Reed, and Sean  
6 Borzage Boyd, a.k.a. Sean Boyd to pay the Department \$25,000.00 as a civil penalty for each act  
7 in violation of the Corporate Securities Law of 1968, pursuant to California Corporations Code  
8 section 25535, in an amount of at least \$16,350,000.00, or according to proof.

9 **V. THIS COURT TO RETAIN JURISDICTION**

10 For an Order that this Court shall retain jurisdiction of this action in order to implement  
11 and carry out the terms of all orders and decrees that may be entered herein or to entertain any  
12 suitable application or motion by Plaintiff for additional relief within the jurisdiction of this Court.

13 **VI. OTHER RELIEF**

14 For such other and further relief as this Court may deem necessary and proper.

15 Dated: September 16, 2008

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17 PRESTON DuFAUCHARD  
California Corporations Commissioner

18  
19 By: \_\_\_\_\_  
20 ALEX CALERO  
Corporations Counsel  
21 Attorney for the People of California  
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